

From: Dennis Flickinger [DennisF@firstcapitalfcu.com]
Sent: Tuesday, March 31, 2009 11:39 AM
To: _Regulatory Comments
Subject: Dennis Flickinger - Comments on Advanced Notice of Proposed Rulemaking for Part 704

The Honorable Michael E. Fryzel, Chairman
The Honorable Rodney E. Hood, Vice Chairman
The Honorable Gigi Hyland, Board Member
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Chairman Fryzel, Vice Chairman Hood and Board Member Hyland:

The following comments are in response to specific sections of the NCUA's ANPR on the Corporate Credit Union System.

1. With regard to paragraph 1. The Role of Corporates in the Credit Union System:

Liquidity and Lliquidity Management. Liquidity is most definitely a core service provided by the Corporate System. Many credit unions, and not only the smaller ones, do not possess the expertise or clout to effectively pursue this outside of the Corporate System. To do so, would place many credit unions at the hands (mercy) of bankers who would not be as concerned about their long term viability.

Field of Membership Issues. Competition is obviously good for credit union members or else we wouldn't have community charters, so why shouldn't credit unions themselves enjoy the same benefits of competition among the Corporates? This assumes that the primary focus of the competition between the Corporates is service to credit unions and their members and not profit. If it becomes the latter, we simply go down the same road as the banks and we know where that leads!

Structure: Two-tiered System. It may be time to place the wholesale Corporate on the shelf and allow the retail Corporates to assume the roles of both in an effort to arrive at greater efficiencies and economies. That said, obviously not all retail Corporates are prepared to do so and a possible consolidation of viable Corporates may be in order. Personally, I feel Corporates such as Mid-Atlantic Corporate FCU would be well suited to assume the role of both wholesale and retail for its members, and more.

2. With regard to paragraph 2, Corporate Capital:

Very simply, all member credit unions should be required to maintain capital in any Corporate whose services they utilize. They should have a stake in the Corporate's well being. Also, the time has definitely arrived for Corporates to benefit from risk-based capital as are all other federally insured financial institutions.

3. With regard to paragraph 6, Corporate Governance:

The current system of credit unions governing their Corporates is not broken and should not be fixed! Corporates are unique, as are their member credit unions, and it takes experienced credit union professionals to provide the requisite vision and leadership to manage them. There is a vast difference between not-for-profit and for-profit thinking and this is not taught but learned (by years of experience). As for compensation, this would greatly change the motivation for serving on a board of directors of a Corporate and would adversely affect the trust that the member credit unions currently display towards their Corporates. In short, compensation for boards would corrupt the system!

General comments. First Capital FCU is a member of Mid-Atlantic Corporate FCU and has every confidence in its performance, past, present and future. As a mid-sized credit union of \$100 million in assets and serving 20,000 members, we want and need the services provided by Mid-Atlantic Corporate if we are to remain a successful, viable credit union capable of serving its members. Without the services of Mid-Atlantic Corporate, we would lose much of our affordability and, therefore, our competitive edge against other local financial institutions. Ultimately, the real losers would be our members, everyday people who depend upon the services offered by First Capital to manage their personal finances without exorbitant fees.

Thank you for taking the time to consider my comments on this most important subject.

Dennis Flickinger
President/CEO
First Capital Federal Credit Union

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